

Electronic Benefit Transfer (EBT) Project



Request for Proposal for EBT Services

Appendix G, Waivers to Federal Regulations

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Appendix G, Waivers to Federal Regulation

G.1 Retailer Participation

Waiver Serial Number	980089
Federal Regulation Citation	7 CFR 274.12(g)(4)(ii)
Regulatory Requirements	7 CFR 274.12(g)(4)(ii) requires that authorized food retail stores with food stamp benefit redemptions representing less than 15 percent of total food sales shall, at a minimum, receive one terminal for every \$11,000 in monthly redemption activity up to the number of lanes per store. All other food retailers shall receive one terminal for every \$8,000 in monthly redemption activity up to the number of lanes per store. An alternative formula permitting equipment deployment at a higher level may be used.
California Waiver	The waiver allows deployment of government-provided point-of-sale (POS) devices to be limited to those retailers with \$100 or more per month in Food Stamp Program redemption. The retailers without a POS device are provided access to the Program through the use of vouchers. As with all manual vouchers, the retailer must obtain authorization prior to accepting the purchase to ensure payment.

G.2 Charges to Retailer, Reinstallation Fees

Waiver Serial Number	980092
Federal Regulation Citation	7 CFR 274.12(g)(2)
Regulatory Requirements	7 CFR 274.12(g)(2) prohibits requiring retailers from paying costs essential to and directly attributable to the operation of an EBT system, as long as the equipment or services are provided by the state agency or its contractor and are utilized solely for the Food Stamp Program.
California Waiver	This waiver allows the state to charge reasonable fees to reinstall EBT POS devices if the retailer breaches the retailer agreement and returns to the EBT system using EBT-only POS terminals, or if the retailer returns after being disqualified or withdrawn involuntarily.

G.3 Adjustment Hold

Waiver Serial Number	2010167
Federal Regulation Citation	7 CFR 274.12(f)(4)(ii)(B)
Regulatory Requirements	<p>7 CFR 274.12(f)(4)(ii)(B) requires the state agency to act upon all retailer-initiated debit adjustments to a household's food stamp electronic benefits transfer (EBT) account no later than ten (10) business days from the date the error occurred by placing a hold on the account balance for the amount of the adjustment and providing concurrent written notice to the household. If there are insufficient benefits in the account to cover the entire adjustment, a hold will be placed on any remaining balance that exists, with the difference being subject to availability in the next future month. If the household disputes the debit adjustment and requests a fair hearing within ten (10) days of the notice, a provisional credit must be made to the household's account by releasing the hold on the funds in the account within 48 hours of the request, pending resolution of the hearing. If no request for a fair hearing is made within ten (10) days of the notice, the hold is released on the adjustment balance and the amount is credited to the retailer's account. If insufficient funds are available in the current month to cover the full adjustment amount, the hold may be maintained and settled at one time after the next month's benefits, if any become available. If no further benefits become available, the adjustment request may be denied and any account balance amount on hold is returned to the household's available balance.</p>
California Waiver	<p>This waiver allows the state to implement an EBT adjustment system which does not place a hold on the household's account balance for the amount of the adjustment. The state will act upon all debit adjustments initiated by a retailer no later than 15 calendar days from the date the error occurred instead of the required ten (10) business days as a standard for system programming to allow for weekends and holidays. The state will send a notice to the household upon receipt of the requested adjustment. The waiver also permits the state to not settle partial adjustments.</p>

G.4 Personal Identification Number Selection Via Automated Response Unit

Waiver Serial Number	2000040 (formerly 980069 and 2000040)
Federal Regulation Citation	7 CFR 274.12(h)(7)(iii) and 7 CFR 274.12(h)(3)(ii)(C)
Regulatory Requirements	7 CFR 274.12(h)(7)(iii) requires personal identification number (PIN) encryption to occur from the point of entry in a manner that prevents unsecured transmission between any point in the system. 7 CFR 274.12(h)(3)(ii)(C) requires communications network security that uses the Data Encryption Standard algorithm to encrypt the PIN, at a minimum, from the point of entry.
California Waiver	Previously, California had two (2) waivers for this area: one (1) for selecting an initial PIN through the Automated Response Unit (ARU) and one for making subsequent PIN changes through the ARU. These two (2) previous waivers were combined into one (1) renewal request. This waiver allows the state to waive encryption of PIN from point of entry and applies to initial PIN selection as well as subsequent PIN changes. The state agency lets clients select a PIN by calling the customer service Help Desk. After verifying the recipient's identity, the customer service representative will give the recipient a control number, allowing them to select a PIN using the ARU. The control number is a single use number; another client cannot use this same control number to select his/her PIN or change someone's PIN.

G.5 Offline Storage

Waiver Serial Number	980070
Federal Regulation Citation	7 CFR 274.12(f)(7) and 7 CFR 274.12(f)(7)(i)
Regulatory Requirements	7 CFR 274.12(f)(7) defines stale benefit accounts as those food stamp benefit accounts which are not accessed for three (3) months or longer. 7 CFR 274.12(f)(7)(i) states that if electronic benefit transfer EBT accounts are inactive for three (3) months or longer, the state agency may store such benefits offline.
California Waiver	This waiver allows the state to store benefits offline when an account is inactive for 90 days rather than three (3) months.

G.6 Expungement

Waiver Serial Number	980071
Federal Regulation Citation	7 CFR 274.12(f)(7)7 and CFR 274.12(f)(7)(ii)
Regulatory Requirements	7 CFR 274.12(f)(7) defines stale benefit accounts as those food stamp benefit accounts which are not accessed for three (3) months or longer. 7 CFR 274.12(f)(7)(ii) requires the state agency to expunge benefits that have not been accessed by the household after a period of one (1) year.
California Waiver	This waiver allows the state to decrease the period for expunging EBT benefits in inactive accounts from one (1) year to 270 days.